

WATER ALLOCATION PROGRAM DEVELOPMENT WATER RATES COMMITTEE MEETING

MINUTES OF MEETING

July 2, 2003

Members Present:

Jean Bondarevskis
John Bell
Guy Lefebvre

Members Absent:

Brenda Baum
Anna Coelho*
Anthony Simeone
Ted Garille
Ken Payne
Bill Cox
Brian Bishop
George Burke

Ken Burke

**designee for Anthony Simeone*

Guests:

John Milano

Water Resources Board Staff:

Connie McGreavy

I. CALL TO ORDER

Ms. Jeanne Bondarevskis called the meeting to order at 10:21AM.

II. APPROVAL OF MINUTES

On a motion by Ms. Bondarevskis, seconded by Ms. McGreavy, the minutes of the June 4, 2003 meeting were approved.

III. ITEMS FOR ACTION

A. July WAPAC Presentation

(1) Approve Final Work Products: Spreadsheets and Charts

- **Water Rates Summary:** J. Bell will update
- **Water Bill Summary:** Spreadsheet is complete and will be circulated to suppliers for comment

A fair amount of discussion was generated in terms of whether there was time to collect and integrate wastewater data into the two summaries noted. Mr. Milano stated that wastewater could be approximated as 85% of the amount of water used (the remaining 15% can be lost to consumptive uses). He agreed that there is a correlation between water and wastewater charges, but wondered if it would make any difference with respect to water allocation. Mr. Lefebvre stated that sewer bills don't necessarily correlate to volume of wastewater generated. He agreed to follow up with Mr. Simeone regarding existing data at Clean Water Finance Agency. Ms. McGreavy agreed to follow up with Mr. Cox regarding the 2002 RI Sewer User Charges spreadsheet that NBC provides. She provided a map of areas sewered in RI.

Mr. Milano pointed out that several communities assess flat rates which are not tied to consumption. He also noted that water use return is higher in unsewered areas (3:1). However, Mr. Bell added that growth was expected in currently unsewered areas. Mr. Milano believed that water bills were not easy to follow in terms of understanding seasonal water use since many suppliers bill quarterly or once per year. He agreed that monthly billing would be effective, but that utilities would not necessarily be able to do this. He felt it was important to correlate the NBC wastewater rates to towns (versus wastewater districts). Mr. Milano reiterated his point regarding the relevance to water allocation and the need to differentiate between those on sewers and those on septic systems.

- **Demand Side Management Charge Revenue Projection Analysis**

Discussion centered on the need for a restricted receipt account to assure that the money will be used as it was intended. Ms. Bondarevskis explained that a small proportion could potentially go to the state and a larger proportion to the utility. The state money could be used for monitoring streams which indirectly benefits everyone. Mr. Milano noted that the state raises money and spreads it all around the state, so there is precedent for groups subsidizing others. Mr. Bell added that the electric industry could raise \$15 million-\$16 million per year based on an assessment of \$1.15/mo. He added that the RI Public Utilities Commission requires certain restricted receipt accounts, but asked, who oversees the use of these funds at the municipal level. Towns could “scoop” the money just as the state does to balance budgets.

Mr. Milano agreed that the measurement aspect of water allocation is important, though potentially costly. He said that there are a couple of approaches: a) How much money to collect and b) How much money do we need? He thought combining existing water fees (water quality protection and infrastructure fees) in one total package was a reasonable approach, acknowledging that legislation would be required. Mr. Lefebvre stated that he had already approached the Board regarding this concept. Mr. Milano felt that all users should be charged, including private well owners, the benefit being that the water supply is protected. He advised that water rates need not be changed. Mr. Bell noted that bonding might be affected if legislation is changed and that bond council should be involved. Potentially the bond criteria could be modified.

Ms. McGreavy stated that the term, Demand Side Management was narrow and could be interpreted in different ways. She also noted that the Kingston numbers need to be revised. The group agreed to call the charge a Water Allocation Program Fee. Mr. Milano thought the unaccounted for water amounts on the spreadsheet were too low. He suggested calculating them by subtracting the total water billed from the total water through the intake. Ms. Bondarevskis stated that not much revenue could be generated from nonaccount water. Ms. Bondarevskis will make adjustments to the spreadsheet as needed.

- **Public Water Supply Analysis (by Service Connection and Population)**

Ms. Bondarevskis explained that of the 490 public water suppliers, 364 have fewer than 10 service connections, indicating that most of the suppliers are small water systems. Mr. Milano felt it would be useful to correlate service connections to consumption and graphically depict the data. Mr. Bell stated that a column could be added to the table and a new pie chart generated. He added that small water suppliers use small pumps and their per capita use per day is less than average;

therefore, it might be prudent to not assess self-supply systems. Ms. Bondarevskis stated that a database is needed and that private well owners could be assessed once per year or once every five years. Mr. Milano mentioned that property tax assessments could include the fee.

The group agreed that the presentation would include a comparison of water rates/fees to illustrate the range of pricing apparent among major public water suppliers. Mr. Bell thought Block Island was a good example of seasonal [high] rates. Mr. Milano stated that suppliers might be able to read meters monthly, but not be able to necessarily bill monthly. A conversion from a 4-12 month billing scenarios to 4-6 month scenarios is possible. Ms. Bondarevskis replied that a drought surcharge would more easily be applied on a monthly bill, but there would be problems for suppliers. Mr. Milano said that allocation must be based on different values depending on available supply. The allocation would change if the supply changed.

(2) Presentation Format

The group agreed to make a Power Point presentation with handouts of spreadsheets.

(3) Committee Presenters

Ms. Bondarevskis suggested that those who researched core issues could present them to the WAPAC.

IV. ITEMS FOR DISCUSSION:

A. Reports on American Water Works Research Foundation

Mr. Milano reported on the publication titled, Effectiveness of Residential Water Conservation Price and Nonprice Programs. He indicated that the study area was the southwestern United States—desert areas where people know the value of water. The report concluded that with an increase in price, water use goes down initially, but the effect is only temporary. The price is inelastic relative to use. For example, a 100% increase in price would only result in a 20% reduction in water use. A 50% increase in price would only result in a 10% reduction. Mr. Bell stated that people need to conserve automatically to make a difference, such as use low flow toilets.

Mr. Milano referred to a Roy F. Weston report (1992-1995) that analyzed consumption per capita. He believed that consumption per capita needed to be developed for each water district and then analyzed to understand the differences. For example, Providence has many triple-decker houses with multiple bathrooms containing old fixtures and lots of people. If toilets could be changed, consumption would drop dramatically and prices would go up because suppliers would be losing revenue in the short term. However, the impact on the distribution system over the long term would be positive from a cost standpoint. If the object is to cut water use (ex: from 180 gals to 120 gals), then pick a number that is appropriate. Mr. Milano asked Mr. Bell to review the study and try to develop per capita usage.

Mr. Lefebvre reported on the publication titled, Water Affordability Programs. The report basically indicated that average household size is not the only variable and that per capita numbers are needed. He added that inverted block rates don't work and that for users below the poverty level, different rates lead to legal problems. Ms. Bondarevskis hoped that other committee members would report on their reading before the presentation.

B. Integrating Wastewater Considerations

Ms. McGreavy indicated that Mr. Simeone offered to prepare some text on the subject.

V. OTHER BUSINESS

Due to time constraints, Ms. McGreavy asked the group to think about important education messages and to email her with one or two ideas. A meeting to work on the WAPAC presentation was set for Thursday, July 17th at 1:30PM at the PUC in Warwick. All members are urged to attend the WAPAC meeting on Thursday July 24, 2003. The next regular meeting of the Water Rates Committee will be Wed., August 6, 2003.

VI. ADJOURNMENT

The meeting adjourned at 12:40PM.

Respectfully submitted,

Jeanne Bondarevskis
Providence Water